

WAYNE COUNTY, MISSISSIPPI

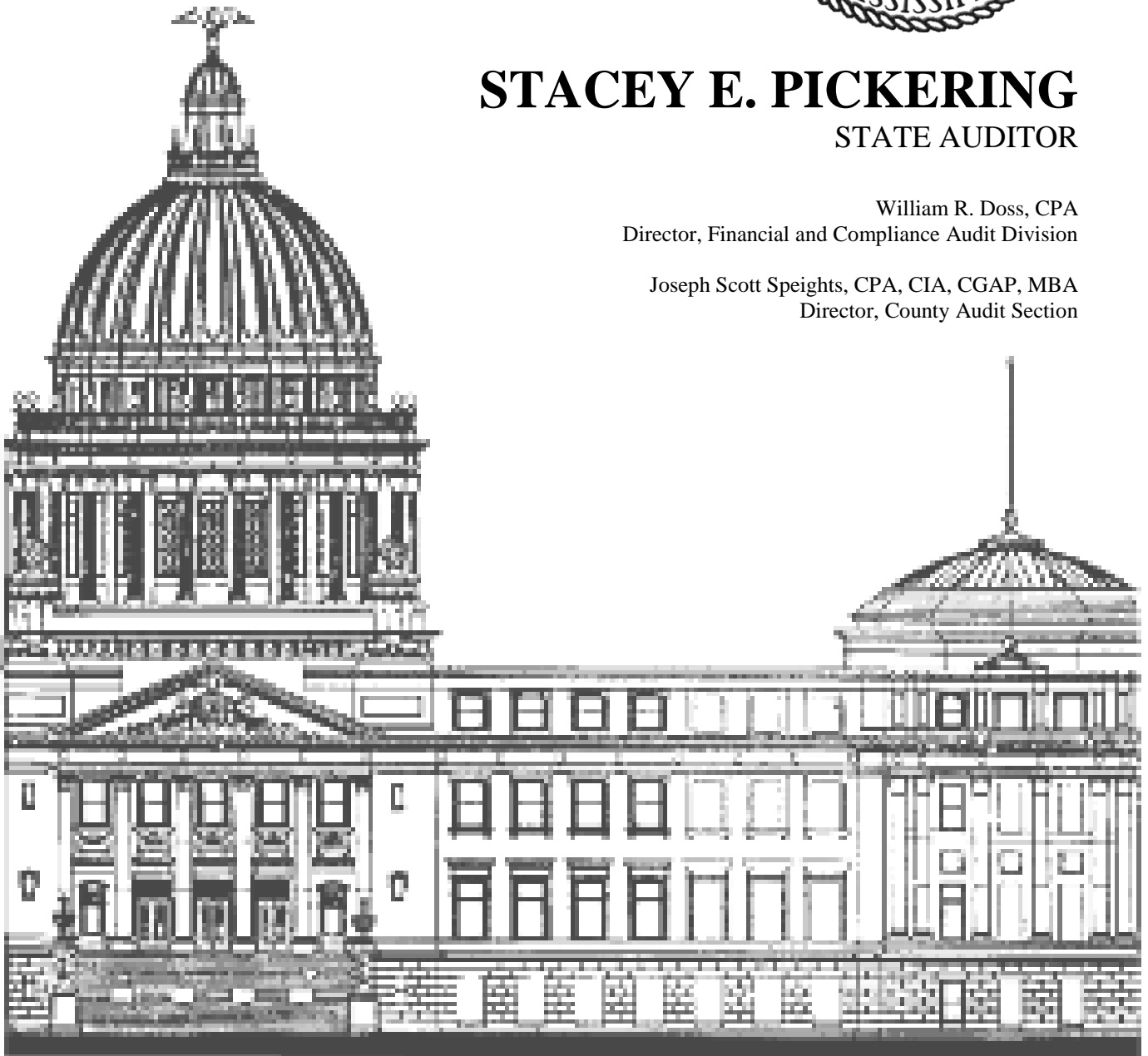
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2013



STACEY E. PICKERING STATE AUDITOR

William R. Doss, CPA
Director, Financial and Compliance Audit Division

Joseph Scott Speights, CPA, CIA, CGAP, MBA
Director, County Audit Section



A Report from the County Audit Section

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

June 9, 2014

Members of the Board of Supervisors
Wayne County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2013 financial and compliance audit report for Wayne County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Wayne County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Wayne County. If I or this office can be of any further assistance, please contact me or J. Scott Speights of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering", written in a cursive style.

Stacey E. Pickering
State Auditor

WAYNE COUNTY

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WAYNE COUNTY

FINANCIAL SECTION

WAYNE COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Wayne County, Mississippi

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Wayne County, Mississippi, (the County) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting, as described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the County's legally separate component units. Accounting principles applicable to the County's cash basis of accounting require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the cash basis assets, net position, receipts and disbursements of the aggregate discretely presented component units is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the cash basis financial position of the aggregate discretely presented component units of Wayne County, Mississippi, as of September 30, 2013, or the changes in cash basis financial position thereof for the year then ended in accordance with accounting principles applicable to the County's cash basis of accounting.

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the major fund and the aggregate remaining fund information of Wayne County, Mississippi, as of September 30, 2013, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements which describes that Wayne County, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

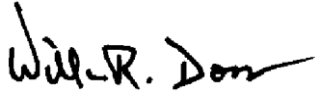
Report on Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wayne County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying Schedule of Operating Costs of Solid Waste is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Schedule of Expenditures of Federal Awards and the Schedule of Operating Costs of Solid Waste have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Schedule of Operating Costs of Solid Waste are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Budgetary Comparison Schedule, Schedule of Capital Assets, Schedule of Changes in Long-term Debt, Schedule of Surety Bonds for County Officials and corresponding notes have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on such information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2014, on our consideration of Wayne County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wayne County, Mississippi's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Will R. Dooss". The signature is written in a cursive, flowing style.

WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

June 9, 2014

WAYNE COUNTY

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WAYNE COUNTY

FINANCIAL STATEMENTS

WAYNE COUNTY

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WAYNE COUNTY
Statement of Net Position - Cash Basis
September 30, 2013

Exhibit 1

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
ASSETS	
Cash	\$ 10,320,735
Total Assets	<u>10,320,735</u>
NET POSITION	
Restricted:	
Expendable:	
General government	66,685
Public safety	478,277
Public works	3,319,239
Culture and recreation	39,920
Economic development and assistance	28,823
Debt service	30,699
Unrestricted	<u>6,357,092</u>
Total Net Position	<u>\$ 10,320,735</u>

The notes to the financial statements are an integral part of this statement.

WAYNE COUNTY
Statement of Activities - Cash Basis
For the Year Ended September 30, 2013

Exhibit 2

Functions/Programs	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,902,063	635,684	47,708		(2,218,671)
Public safety	3,114,626	562,208	135,819	63,581	(2,353,018)
Public works	4,145,796	4,000	1,198,863	354,459	(2,588,474)
Health and welfare	297,008		76,855		(220,153)
Culture and recreation	15,104				(15,104)
Education	561,580		224,113		(337,467)
Conservation of natural resources	78,839		27,135		(51,704)
Economic development and assistance	199,942				(199,942)
Debt service:					
Principal	1,189,960				(1,189,960)
Interest	80,096				(80,096)
Total Governmental Activities	\$ 12,585,014	1,201,892	1,710,493	418,040	(9,254,589)
General receipts:					
Property taxes				\$ 4,970,338	
Road & bridge privilege taxes				269,966	
Grants and contributions not restricted to specific programs				3,180,871	
Unrestricted interest income				59,222	
Miscellaneous				420,035	
Proceeds from debt issuance				610,233	
Sale of county property				204,264	
Total General Receipts and Other Cash Sources				9,714,929	
Changes in Net Position					460,340
Net Position - Beginning					9,860,395
Net Position - Ending				\$	10,320,735

The notes to the financial statements are an integral part of this statement.

WAYNE COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
September 30, 2013

Exhibit 3

	Major Fund		
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
ASSETS			
Cash	\$ 6,357,092	3,963,643	10,320,735
Total Assets	\$ 6,357,092	3,963,643	10,320,735
FUND BALANCES			
Restricted for:			
General government	\$	66,685	66,685
Public safety		478,277	478,277
Public works		3,319,239	3,319,239
Culture and recreation		39,920	39,920
Economic development and assistance		28,823	28,823
Debt service		30,699	30,699
Unassigned	6,357,092		6,357,092
Total Fund Balances	\$ 6,357,092	3,963,643	10,320,735

The notes to the financial statements are an integral part of this statement.

WAYNE COUNTY

Exhibit 4Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -
Governmental Funds
For the Year Ended September 30, 2013

	Major Fund	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
RECEIPTS			
Property taxes	\$ 2,171,038	2,799,300	4,970,338
Road and bridge privilege taxes		269,966	269,966
Licenses, commissions and other receipts	235,105	23,523	258,628
Fines and forfeitures	431,628		431,628
Intergovernmental receipts	2,557,598	2,751,806	5,309,404
Charges for services	130,340	381,296	511,636
Interest income	45,760	13,462	59,222
Miscellaneous receipts	269,843	150,192	420,035
Total Receipts	5,841,312	6,389,545	12,230,857
DISBURSEMENTS			
General government	2,777,898	124,165	2,902,063
Public safety	2,016,741	1,097,885	3,114,626
Public works		4,145,796	4,145,796
Health and welfare	297,008		297,008
Culture and recreation	10,000	5,104	15,104
Education	561,580		561,580
Conservation of natural resources	78,839		78,839
Economic development and assistance	55,590	144,352	199,942
Debt service:			
Principal		1,189,960	1,189,960
Interest		80,096	80,096
Total Disbursements	5,797,656	6,787,358	12,585,014
Excess (Deficiency) of Receipts over Disbursements	43,656	(397,813)	(354,157)
OTHER CASH SOURCES (USES)			
Proceeds from long-term debt issuance		610,233	610,233
Sale of county property	6,400	197,864	204,264
Transfers in	7,141	110,383	117,524
Transfers out	(104,986)	(12,538)	(117,524)
Total Other Cash Sources and Uses	(91,445)	905,942	814,497
Excess (Deficiency) of Receipts and other Cash Sources over Disbursements and other Cash Uses	(47,789)	508,129	460,340
Cash Basis Fund Balances - Beginning	6,404,881	3,455,514	9,860,395
Cash Basis Fund Balances - Ending	\$ 6,357,092	3,963,643	10,320,735

The notes to the financial statements are an integral part of this statement.

WAYNE COUNTY
Statement of Fiduciary Assets and Liabilities - Cash Basis
September 30, 2013

Exhibit 5

		Agency Funds
ASSETS		
Cash	\$	<u>222,942</u>
Total Assets	\$	<u><u>222,942</u></u>
LIABILITIES		
Amounts held in custody for others	\$	<u>222,942</u>
Total Liabilities	\$	<u><u>222,942</u></u>

The notes to the financial statements are an integral part of this statement.

WAYNE COUNTY

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WAYNE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Wayne County is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. The financial statements of the County are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board. These accounting principles require Wayne County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the County. Accordingly, the financial statements do not include the data of all of the County's component units necessary for reporting in accordance with accounting principles applicable to the County's cash basis of accounting.

- Wayne County Economic Development District
- Wayne General Hospital

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the County legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

B. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position – Cash Basis and a Statement of Activities – Cash Basis, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental receipts and other nonexchange receipts.

The Statement of Net Position – Cash Basis presents the financial condition of the governmental activities of the County at year-end. The Government-wide Statement of Activities – Cash Basis presents a comparison between direct disbursements and program receipts for each function or program of the County's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

WAYNE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

Taxes and other receipts not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the County.

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, fund equity, receipts and disbursements. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

C. Measurement Focus and Basis of Accounting.

The Government-wide, Governmental Funds and Fiduciary Funds financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred. This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

The County reports the following major Governmental Fund:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific cash sources that are restricted or committed to disbursement for specified purposes other than debt service or capital projects.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to disbursement for principal and interest.

FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

WAYNE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

E. Deposits.

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the County may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less).

F. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net position and displayed in two components:

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of "restricted."

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the County:

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if disbursements paid for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When a disbursement is paid for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When disbursements are paid for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

WAYNE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

G. Property Tax Receipts.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All property taxes are recognized as receipts when collected.

(2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2013, was \$10,543,677, and the bank balance was \$10,588,727. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the County. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

(3) Interfund Transfers.

The following is a summary of interfund transfers at September 30, 2013:

Transfers In/Out:

Transfer In	Transfer Out	Amount
General Fund	Other Governmental Funds	\$ 7,141
Other Governmental Funds	General Fund	104,986
Other Governmental Funds	Other Governmental Funds	5,397
Total		\$ 117,524

The principal purpose of interfund transfers was to provide funds to pay for capital outlay. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

WAYNE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

(4) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2013, to January 1, 2014. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(5) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the disbursements of resources for allowable purposes. The County may be responsible for any disallowances.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

(6) Joint Ventures.

The County participates in the following joint ventures:

Wayne County is a participant with the City of Waynesboro in a joint venture authorized by Section 39-3-8, Miss. Code Ann. (1972), to operate the Waynesboro-Wayne County Library System. The Library was created to provide free public library service to citizens of the respective county and city. The Library is governed by a ten-member board, one from each county and city district. The County and city are obligated by contract to levy not more than a four mill and three mill tax, respectively, as provided by Section 39-3-5(1) and 39-3-7(1), Miss. Code Ann. (1972), respectively, for the ongoing financial support of the Library. By contractual agreement, the County's contribution to the joint venture this year amounted to \$122,463. Complete financial statements for the Library can be obtained from the Waynesboro-Wayne County Library, Waynesboro, Mississippi.

Wayne County is a participant with Clarke County, Greene County, the City of Quitman, and the City of Waynesboro in a joint venture to operate the South Mississippi Narcotics Task Force organized under the Interlocal Cooperation Act of 1974, Section 17-13-1 through 17-13-11, Miss. Code Ann. (1972). The Task Force was created to provide a joint law enforcement effort between the participants. The Task Force is governed by a board, consisting of the sheriff/police chief from each participating entity. By contractual agreement, the County's contribution from the General Fund this year to the joint venture amounted to \$31,214. Complete financial statements for the Task Force can be obtained from the South Mississippi Narcotics Task Force, Waynesboro, Mississippi.

WAYNE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

Wayne County is a participant with the City of Waynesboro in a joint venture created under the provisions of Sections 33-15-17, 21-21-3, and 17-13-7, Miss. Code Ann. (1972), to operate the Emergency Management District of Wayne County. The District was formed by an Interlocal Agreement. The council that governs the District is composed of five members, two of which are appointed by Wayne County. Expenses are shared by the two participants. The county contributed \$215,000 during the fiscal year to this joint venture.

(7) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Southern Mississippi Planning and Development District operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone, and Wayne. The Wayne County Board of Supervisors appoints one of the 27 members of the board of directors. The County contributes a small percentage of the district's total revenue. The County contributed \$43,050 for support of the district in fiscal year 2013.

Pine Belt Mental Health Care Resources operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Jones, Lamar, Marion, Perry, and Wayne. The Wayne County Board of Supervisors appoints one of the nine members of the board of commissioners. The County contributed \$47,500 for support of the entity in fiscal year 2013.

Jones County Junior College operates in a district composed of the Counties of Clarke, Covington, Greene, Jasper, Jones, Perry, Smith, and Wayne. The college is governed by a 20 member board of trustees. Each county appoints two of the college's trustees, except Jones County, which appoints six. The County contributed \$552,949 for maintenance and support of the college in fiscal year 2013.

Mississippi Regional Housing Authority VIII operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jones, Lamar, Marion, Pearl River, Perry, Stone, and Wayne. The governing body is a 15 member board of commissioners, one appointed by the Board of Supervisors of each of the member counties and one appointed at large. The counties generally provide no financial support to the organization.

Multi-County Community Service Agency is a human resources agency created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal laws. Its six members are as follows: Clarke, Jasper, Kemper, Lauderdale, Newton, and Wayne Counties. Each member appoints three of the 18 board members. The County provided no financial support to the agency in fiscal year 2013.

(8) Defined Benefit Pension Plan.

Plan Description. Wayne County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. At September 30, 2013, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2013 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2013, 2012 and 2011 were \$556,131, \$481,748 and \$425,220, respectively, equal to the required contributions for each year.

WAYNE COUNTY

SUPPLEMENTAL INFORMATION

WAYNE COUNTY

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WAYNE COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture - Forest Service Schools and roads - grants to states (Direct)*	10.665	N/A	\$ <u>52,281</u>
U.S. Department of Agriculture/ Passed-through the Mississippi State Treasurer's Office Schools and roads - grants to states*	10.665	N/A	<u>508,266</u>
Total U.S. Department of Agriculture			<u>560,547</u>
U.S. Department of Transportation - Federal Highway Administration/ Passed-through the Mississippi Department of Transportation Highway planning and construction	20.205	BR NBIS 078 B(77)	<u>28,620</u>
U.S. Department of Transportation - National Highway Traffic Safety Administration/ Passed-through the Mississippi Governor's Office of Highway Safety Alcohol impaired driving countermeasures incentive grants	20.601	13-K8-177-1	<u>10,328</u>
Total U.S. Department of Transportation			<u>38,948</u>
U.S. Department of Homeland Security/ Passed-through the Mississippi Emergency Management Agency Disaster grants - public assistance*	97.036	4101-DR-MS	<u>357,038</u>
Emergency management performance grants	97.042	N/A	6,081
Emergency management performance grants	97.042	N/A	<u>23,393</u>
Subtotal			<u>29,474</u>
Total U.S. Department of Homeland Security			<u>386,512</u>
Total Expenditures of Federal Awards			\$ <u><u>986,007</u></u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the cash basis of accounting.

* Denotes major federal award program

WAYNE COUNTY
Schedule of Operating Costs of Solid Waste
For the Year Ended September 30, 2013

Operating Disbursements, Cash Basis:

Salaries	\$	382,396
Expendable Commodities:		
Gasoline and petroleum products		86,848
Repair parts		24,200
Hauling and landfill fees		97,749
Maintenance		10,054
Contractual services		7,283
Supplies		3,312
Uniforms		<u>132</u>
Solid Waste Operating Cost Disbursements	\$	<u>611,974</u>

WAYNE COUNTY

OTHER INFORMATION

WAYNE COUNTY

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WAYNE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2013
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 2,078,357	2,171,038	2,171,038	
Licenses, commissions and other receipts	198,900	235,105	235,105	
Fines and forfeitures	380,700	431,628	431,628	
Intergovernmental receipts	2,060,627	2,227,446	2,557,598	330,152
Charges for services	100,000	130,340	130,340	
Interest income	70,000	45,760	45,760	
Miscellaneous receipts	258,169	300,497	269,843	(30,654)
Total Receipts	<u>5,146,753</u>	<u>5,541,814</u>	<u>5,841,312</u>	<u>299,498</u>
DISBURSEMENTS				
Current:				
General government	2,905,770	2,775,930	2,777,898	(1,968)
Public safety	1,935,674	2,016,348	2,016,741	(393)
Health and welfare	310,638	297,008	297,008	
Culture and recreation	10,000	10,000	10,000	
Education	300,000	300,000	561,580	(261,580)
Conservation of natural resources	81,748	78,839	78,839	
Economic development and assistance	48,050	55,590	55,590	
Total Disbursements	<u>5,591,880</u>	<u>5,533,715</u>	<u>5,797,656</u>	<u>(263,941)</u>
Excess of Receipts over (under) Disbursements	<u>(445,127)</u>	<u>8,099</u>	<u>43,656</u>	<u>35,557</u>
OTHER CASH SOURCES (USES)				
Sale of county property			6,400	6,400
Transfers in			7,141	7,141
Transfers out		(55,496)	(104,986)	(49,490)
Total Other Cash Sources and Uses	<u>0</u>	<u>(55,496)</u>	<u>(91,445)</u>	<u>(35,949)</u>
Net Change in Fund Balance	(445,127)	(47,397)	(47,789)	(392)
Fund Balances - Beginning	<u>5,086,694</u>	<u>6,404,881</u>	<u>6,404,881</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 4,641,567</u>	<u>6,357,484</u>	<u>6,357,092</u>	<u>(392)</u>

The accompanying notes to the Other Information are an integral part of this statement.

WAYNE COUNTY
Schedule of Capital Assets
For the Year Ended September 30, 2013
UNAUDITED

Governmental activities:

	Balance Oct. 1, 2012	Additions	Deletions	Adjustments*	Balance Sept. 30, 2013
Land	\$ 1,702,596	6,000			1,708,596
Construction in progress		339,104			339,104
Infrastructure	131,546,464	429,324			131,975,788
Buildings	9,379,925				9,379,925
Improvements other than buildings	554,391				554,391
Mobile equipment	6,487,833	185,471	393,245	538,840	6,818,899
Furniture and equipment	977,737	5,000	11,949		970,788
Leased property under capital leases	3,212,758	924,213	138,800	(538,840)	3,459,331
Total capital assets	\$ <u>153,861,704</u>	<u>1,889,112</u>	<u>543,994</u>	<u>0</u>	<u>155,206,822</u>

*Adjustments are the reclassification of paid-off capital leases from leased property under capital leases to mobile equipment.

WAYNE COUNTY
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2013
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2013:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2012	Issued	Principal Payments	Balance Sept. 30, 2013
Governmental Activities:							
A. General Obligation Bonds:							
General obligation jail bonds 98	8/1/1998	8/2013	6.00%	\$ 420,000		420,000	0
B. Capital Leases:							
E-911 communication equipment	6/29/2012	6/2019	2.02%	328,045		44,086	283,959
District 2 - 2010 Mack dump truck	10/25/2009	11/2013	3.39%	69,175		14,805	54,370
District 2 - 12H Caterpillar grader	12/15/2009	1/2013	3.14%	70,498		70,498	0
District 2 - John Deere 544K loader	9/25/2011	10/2014	2.89%	114,693		12,712	101,981
District 2 - 2013 Kubota M9540 tractor	4/25/2012	5/2016	2.16%	32,933		8,725	24,208
District 2 - Mack GU713 tandem dump truck	6/20/2012	7/2016	2.14%	51,601		13,056	38,545
District 2 - Caterpillar backhoe	11/1/2012	11/2017	1.75%		62,649	587	62,062
District 2 - 12H Caterpillar grader	1/4/2013	1/2016	2.45%		65,000	14,035	50,965
District 3 - Case wheel loader	4/10/2008	4/2013	3.79%	10,365		10,365	0
District 3 - John Deere 6700	1/15/2010	1/2013	3.14%	103,137		103,137	0
District 3 - (2) Mack tandem dump trucks	2/25/2010	7/2013	3.45%	29,105		29,105	0
District 3 - 420E Caterpillar backhoe	9/27/2011	10/2014	2.78%	53,011		4,544	48,467
District 3 - 12M Caterpillar motor grader	8/1/2012	10/2015	1.78%	189,500		11,182	178,318
District 3 - 2011 John Deere motor grader	5/1/2013	6/2016	1.83%		146,300	3,521	142,779
District 3 - 2011 Freightliner dump truck	5/24/2013	5/2017	2.24%		50,000	2,996	47,004
District 3 - Used John Deere tractor	5/24/2013	5/2016	2.24%		38,500	3,111	35,389
District 4 - Case 865 motor grader	4/25/2009	11/2013	3.45%	24,744		21,147	3,597
District 4 - 2010 Mack truck	10/1/2009	10/2013	3.39%	69,121		14,805	54,316
District 4 - 420E Caterpillar backhoe	9/27/2011	10/2015	2.87%	53,466		5,209	48,257
District 4 - 2012 Mack GU713 dump truck	4/25/2012	6/2017	2.17%	118,325		13,262	105,063
District 4 - Kubota tractor	11/25/2012	11/2016	3.14%		16,870	3,342	13,528
District 4 - 2006 Western Star dump truck	9/9/2013	9/2018	2.45%		33,000		33,000
District 5 - 12H Caterpillar grader	12/15/2009	1/2015	3.25%	150,952		13,299	137,653
District 5 - 2005 12H Caterpillar grader	1/10/2010	12/2013	3.26%	31,353		24,980	6,373
District 5 - (2) 2005 Mack tandem dump trucks	3/10/2010	7/2013	3.45%	29,105		29,105	0
District 5 - 2012 Caterpillar 924HZ wheel loader	2/10/2012	3/2016	2.17%	103,736		4,531	99,205
District 5 - Kubota tractor w/ Tiger boom mower	10/25/2012	9/2016	1.96%		71,603	15,917	55,686

WAYNE COUNTY
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2013
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2013:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2012	Issued	Principal Payments	Balance Sept. 30, 2013
Governmental Activities:							
District 5 - Asphalt compactor	6/10/2013	6/2014	2.45%		19,500	4,830	14,670
Countywide - John Deere 644k wheel loader	12/25/2011	2/2015	2.75%	180,547		22,652	157,895
Countywide - Caterpillar 320 DL excavator	6/20/2012	6/2017	2.00%	167,125		14,215	152,910
Sanitation - Travis Wave trailer	11/20/2008	12/2012	3.34%	4,189		4,189	0
Sanitation - Freightliner M2106	9/25/2010	9/2014	3.34%	53,929		26,515	27,414
Sanitation - 2013 Freightliner	11/19/2012	11/2016	1.84%		106,811	21,609	85,202
Voluntary Fire Dept. - Water Tanker Ford F750	1/16/2009	3/2014	3.44%	71,000		46,925	24,075
Voluntary Fire Dept. - Water Tanker Ford F750	9/8/2009	3/2014	3.39%	49,121		32,471	16,650
C. Other Loans:							
Fire trucks - CAP loan	12/1/2005	11/2015	2.00%	341,648		104,492	237,156
Total				\$ 2,920,424	610,233	1,189,960	2,340,697

The accompanying notes to the Other Information are an integral part of this statement.

WAYNE COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2013
UNAUDITED

Name	Position	Company	Bond
Clyde Revette	Supervisor District 1	RLI Surety	\$100,000
Joe Dyess	Supervisor District 2	RLI Surety	\$100,000
Jerry Hutto	Supervisor District 3	RLI Surety	\$100,000
Ed Pitts	Supervisor District 4	RLI Surety	\$100,000
Gaston Hutcherson	Supervisor District 5	RLI Surety	\$100,000
Jill Cauley	Comptroller	RLI Surety	\$50,000
Geary Jackson	Chancery Clerk	RLI Surety	\$100,000
Tina Cochran	Purchase Clerk	Travelers Casualty & Surety	\$75,000
Jill Cauley	Assistant Purchase Clerk	RLI Surety	\$50,000
Melissa Davis	Receiving Clerk	CNA Insurance Company	\$75,000
Ralph Gardner	Assistant Receiving Clerk	RLI Surety	\$50,000
William G. West	Assistant Receiving Clerk	RLI Surety	\$50,000
John P. Donald	Assistant Receiving Clerk	RLI Surety	\$50,000
Gary L. Malone	Assistant Receiving Clerk	RLI Surety	\$50,000
J.W. Freeman, Jr.	Assistant Receiving Clerk	RLI Surety	\$50,000
Rakesia Gray	Assistant Receiving Clerk	RLI Surety	\$50,000
Lisa Ferguson Tate	Inventory Control Clerk	RLI Surety	\$75,000
Mark West	Constable	RLI Surety	\$50,000
Scott Frost	Constable	RLI Surety	\$50,000
Rose M. Bingham	Circuit Clerk	RLI Surety	\$100,000
Darryl Woodson	Sheriff	RLI Surety	\$100,000
	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))		
Bidmer Ray Walker		RLI Surety	\$50,000
Charles Chapman	Justice Court Judge	Western Surety Company	\$50,000
Jane Hutto	Justice Court Judge	RLI Surety	\$50,000
Janet Beard	Justice Court Clerk	RLI Surety	\$50,000
Christy James	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Jimmie Ashley Pitts	Deputy Justice Court Clerk	RLI Surety	\$50,000
Wanda Worsham	Deputy Justice Court Clerk	RLI Surety	\$50,000
Georgia Vaughn	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Debbie Richards	Tax Collector-Assessor	RLI Surety	\$100,000

WAYNE COUNTY

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WAYNE COUNTY

Notes to the Other Information For the Year Ended September 30, 2013 UNAUDITED

(1) Budgetary Comparison Information.

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of receipt, each general item of disbursement, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund.

(2) Long-term Debt information:

A. Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2013, the amount of outstanding debt was less than one percent of the latest property assessments.

B. Subsequent Events.

Subsequent to September 30, 2013, the County issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
12/03/2013	4.00%	\$ 5,500,000	General obligation industrial development bonds	Ad valorem taxes
01/09/2014	2.29%	100,000	Capital lease	Ad valorem taxes
01/09/2014	2.29%	102,000	Capital lease	Ad valorem taxes
01/09/2014	2.29%	139,000	Capital lease	Ad valorem taxes
01/09/2014	2.29%	98,502	Capital lease	Ad valorem taxes

WAYNE COUNTY

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WAYNE COUNTY

SPECIAL REPORTS

WAYNE COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE
FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board of Supervisors
Wayne County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Wayne County, Mississippi, (the County) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 9, 2014. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles applicable to the County's cash basis of accounting to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Wayne County, Mississippi's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as 2013-001 to be a material weakness.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as 2013-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wayne County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

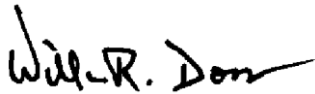
We noted certain matters that we have reported to the management of Wayne County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated June 9, 2014, included within this document.

Wayne County's Responses to Findings

Wayne County's responses to the findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. Wayne County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

June 9, 2014



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Members of the Board of Supervisors
Wayne County, Mississippi

Report on Compliance for Each Major Federal Program

We have audited Wayne County, Mississippi's (the County) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013. Wayne County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Wayne County, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Wayne County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Wayne County, Mississippi's compliance.

Basis for Qualified Opinion on Schools and Roads – Grants to States – CFDA #10.665

As described in the accompanying Schedule of Findings and Questioned Costs, Wayne County, Mississippi did not comply with the compliance requirement regarding period of availability of federal funds that is applicable to its Schools and Roads – Grants to States federal program as described in item 2013-003. Compliance with such requirement is necessary, in our opinion, for Wayne County, Mississippi, to comply with the requirements applicable to that program.

Qualified Opinion on Schools and Roads – Grants to States – CFDA #10.665

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, Wayne County, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Schools and Roads – Grants to States federal program for the year ended September 30, 2013.

Basis for Qualified Opinion on Disaster Grants – Public Assistance – CFDA #97.036

As described in the accompanying Schedule of Findings and Questioned Costs, Wayne County, Mississippi did not comply with the compliance requirement regarding activities allowed or unallowed and allowable costs/costs principles that is applicable to its Disaster Grants - Public Assistance federal program as described in items 2013-004 and 2013-005. Compliance with such requirement is necessary, in our opinion, for Wayne County, Mississippi, to comply with the requirements applicable to that program.

Qualified Opinion on Disaster Grants – Public Assistance – CFDA #97.036

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, Wayne County, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Disaster Grants – Public Assistance federal program for the year ended September 30, 2013.

Wayne County's responses to the noncompliance findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. Wayne County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

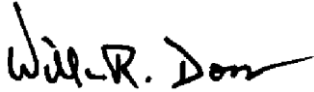
Management of Wayne County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Wayne County, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2013-003, 2013-004 and 2013-005 to be material weaknesses.

Wayne County's responses to the internal control over compliance findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. Wayne County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

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WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

June 9, 2014

WAYNE COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

**INDEPENDENT AUDITOR'S REPORT ON CENTRAL PURCHASING SYSTEM,
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors
Wayne County, Mississippi

We have examined Wayne County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2013. The Board of Supervisors of Wayne County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

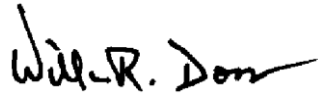
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Wayne County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, Wayne County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2013.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

This report is intended for use in evaluating the central purchasing system and inventory control system of Wayne County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Will R. Doss". The signature is written in a cursive, slightly slanted style.

WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

June 9, 2014

WAYNE COUNTY

Schedule 1

Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2013

Our test results did not identify any purchases from other than the lowest bidder.

WAYNE COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2013

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
10/01/2012	Culverts	\$ 3,015	High Standards	Road wash outs due to Hurricane Isaac
10/19/2012	Bridge repairs	28,710	Parnell Construction	Bridge fell in due to Hurricane Isaac
10/25/2012	Culverts	18,000	Parnell Construction	Blown-out culvert due to Hurricane Isaac
12/03/2012	Culverts	26,986	Hanson Pipe	Blown-out culvert due to Hurricane Isaac
03/04/2013	Railroad repairs	16,000	Continental Rails	Repair of rail spur due to tornadoes and overturned rail cars

WAYNE COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source

For the Year Ended September 30, 2013

Our test results did not identify any purchases made noncompetitively from a sole source.

WAYNE COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Wayne County, Mississippi

In planning and performing our audit of the financial statements of Wayne County, Mississippi (the County) for the year ended September 30, 2013, we considered Wayne County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Wayne County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated June 9, 2014, on the financial statements of Wayne County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors.

1. Approval of interfund transfers should be documented in the board minutes.

Finding

Section 19-3-27, Miss. Code Ann. (1972), requires a complete and correct record be maintained for all proceedings of the Board of Supervisors. Interfund transfers were made without board orders spread on the minutes. The failure to obtain board approval for interfund transfers could result in erroneous amounts being reported and increases the possibility of the loss or misuse of public funds.

Recommendation

The Board of Supervisors should spread complete orders on the minutes relative to interfund transfers.

Board of Supervisor's Response

All interfund transfers will be spread on the minutes and any orders related to those transfers.

Chancery Clerk.

2. All bond certificates for County officials and employees should be filed and recorded in the Chancery Clerk's office.

Finding

Section 25-1-19, Miss. Code Ann. (1972), requires all bonds to be filed and recorded in the Chancery Clerk's office. The Chancery Clerk bond records do not include bond certificates for all of the County officials and employees. Failure to file a copy of the bond documentation with the Chancery Clerk's office could result in officials not being properly bonded.

Recommendation

The Chancery Clerk should make sure that all officials and employees bonds are filed and recorded in the office of the Chancery Clerk.

Chancery Clerk's Response

All officials and employee bonds will be filed and recorded in the Chancery Clerk's office.

Purchase Clerk.

3. Credit card charges were not properly documented for authorization.

Finding

Section 19-3-68, Miss. Code Ann. (1972), specifies the requirements governing the use of a county credit card for travel. The Chancery Clerk or Purchase Clerk shall maintain complete records of all credit card numbers and all receipts and other documentation relating to the use of such credit cards. The supervisors and county employees shall furnish receipts for the use of such credit cards each month to the Chancery Clerk or Purchase Clerk, who shall submit a written report monthly to the Board of Supervisors. The report shall include an itemized list of all expenditures and use of the credit card for the month, and such expenditures may be allowed for payment by the county in the same manner as other items in the claims docket. As reported in the prior two year's audit reports, travel charges to the credit card were not in complete compliance with this section. There are no written reports itemizing expenditures made on the credit card. Failure to enforce these requirements could result in the misuse of the credit card for unauthorized and unallowed expenditures.

Recommendation

The Purchase Clerk should ensure that a monthly report itemizing the expenditures and use of the credit card is submitted to the Board of Supervisors, as required.

Purchase Clerk's Response

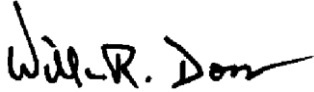
Documentation of credit card charges is not the responsibility of the Purchase Clerk. The Accounts Payable Clerk will ensure that the proper documentation for credit card expenditures is submitted to the Board, as required.

Auditor's Note

The law requires the Purchase Clerk or Chancery Clerk to maintain documentation of credit card charges. Although the clerical work associated with these requirements can be performed by another individual, the responsibility for ensuring compliance with these requirements cannot be delegated to another individual.

Wayne County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Will R. Dooss". The signature is written in a cursive, flowing style.

WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

June 9, 2014

WAYNE COUNTY

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WAYNE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WAYNE COUNTY

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WAYNE COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2013

Section 1: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued on the financial statements:

Governmental activities	Unmodified
Aggregate discretely presented component units	Adverse
General fund	Unmodified
Aggregate remaining fund information	Unmodified
2. Internal control over financial reporting:
 - a. Material weakness identified? Yes
 - b. Significant deficiency identified? Yes
3. Noncompliance material to the financial statements noted? No

Federal Awards:

4. Internal control over major programs:
 - a. Material weaknesses identified? Yes
 - b. Significant deficiencies identified? None Reported
5. Type of auditor's report issued on compliance for major federal programs:
 - a. CFDA #10.665, Schools and roads – grants to states Qualified
 - b. CFDA #97.036, Disaster grants – public assistance Qualified
6. Any audit finding(s) disclosed that are required to be reported in accordance with Section ____ .510(a) of OMB Circular A-133? Yes
7. Identification of major programs:
 - a. CFDA #10.665, Schools and roads – grants to states
 - b. CFDA #97.036, Disaster grants – public assistance
8. The dollar threshold used to distinguish between type A and type B programs: \$300,000
9. Auditee qualified as a low-risk auditee? No

WAYNE COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2013

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

- 2013-001. The County should establish controls to ensure that adequate subsidiary records are maintained so the Schedule of Expenditures of Federal Awards can be accurately prepared.

Finding

An effective system of internal control over federal grants should include adequate subsidiary records documenting all receipts and expenditures relating to each federal grant received. As reported in the prior year's audit report, the County did not report all federal grant expenditures or erroneously included expenditures which were not federal monies on the Schedule of Expenditures of Federal Awards for the year ended September 30, 2013. As a result, several corrections were proposed by the auditor and made by the County to the Schedule of Expenditures of Federal Awards. The failure to accurately complete the Schedule of Expenditures of Federal Awards increases the possibility of reporting incorrect amounts of federal expenditures, as well as the possibility of excluding a federal grant on the Schedule of Expenditures of Federal Awards.

Recommendation

The County should maintain adequate subsidiary records documenting all receipts and expenditures relating to each federal grant received.

Sheriff.

Significant Deficiency

- 2013-002. The Sheriff should establish adequate segregation of duties and maintain the cash journal and supporting documentation.

Finding

An effective system of internal control for collecting, recording, and disbursing cash in the Sheriff's Office should include maintaining cash journals, supporting documentation and adequate segregation of duties. As reported in the prior year's audit report, the following deficiencies were noted:

1. The cash journal was not maintained. Monies were held for several days prior to receipting and disbursements were not posted to the cash journal.
2. Fees received were not recorded in the applicable docket in a timely manner.
3. Deposits were not made on a daily basis.
4. One person receipts monies, prepares all deposits, reconciles the bank statements, posts receipts to the cash journal, prepares monthly settlement reports and makes disbursements for all bond and process fees.

Failure to implement controls over the collecting, recording, and disbursing of cash, and lack of segregation of duties in the Sheriff's Office could result in the loss or misappropriation of public funds.

WAYNE COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

Recommendation

The Sheriff should receipt all monies at the time received, make daily bank deposits, record fees in the applicable docket in a timely manner, record disbursements in the cash journal, maintain the cash journal on a daily basis, and take steps to ensure that there are adequate segregation of duties in the cash collection and disbursement functions.

Section 3: Federal Award Findings and Questioned Costs

- 2013-003. The County should establish controls to ensure that Title III approved projects are initiated by the termination date.

10.665 Schools and Roads – Grants to States
Grant number: N/A, U. S. Department of Agriculture – Forest Service/
Passed-through the Mississippi Department of Treasury

Material Weakness
Material Noncompliance

Compliance Requirement: Period of Availability of Federal Funds

Finding

The 2013 OMB Circular A-133 Compliance Supplement and U.S. Code, Title 16, Section 7144, specifies that the authority to initiate Title III projects terminated on September 30, 2012. As reported in the prior year's audit report, the County had Title III funds for which an approved project had not been initiated. As of September 30, 2013, the amount of these funds was \$133,226. This noncompliance resulted from the County's lack of adequate internal controls over the period of availability of federal funds compliance requirement. Failure to initiate approved Title III projects by the termination date could result in the unobligated funds being returned to the federal government.

Recommendation

The Board of Supervisors should implement internal controls to ensure that the County initiates all approved projects for Title III funds by the termination date, thereby satisfying the period of availability compliance requirement for federal programs.

WAYNE COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

2013-004. The County should establish controls to ensure separate funds or account codes are used when expending federal monies.

97.036 Disaster Grants – Public Assistance
Grant number: 4101-DR-MS, U.S. Department of Homeland Security/
Passed-through the Mississippi Emergency Management Agency

Material Weakness

Compliance Requirement: Activities Allowed or Unallowed and Allowable Costs/Costs Principles

Finding

An effective system of internal control for recording disbursements of federal monies should include the use of separate funds or account codes. During our audit testing procedures, we noted that the expenditures relating to the Disaster Grants – Public Assistance were not segregated using separate funds or account codes in the County's general ledger. The failure to specifically identify federal program expenditures prevents proper accounting of federal funds and could result in erroneous reporting of federal expenditures on the Schedule of Expenditure of Federal Awards.

Recommendation

The Board of Supervisors should take steps to ensure that separate funds or account codes are used when expending federal monies for grants in order to facilitate accounting of grant transactions.

2013-005. The County should establish controls to ensure expenditures charged to federal programs are adequately documented and accurately computed.

97.036 Disaster Grants – Public Assistance
Grant number: 4101-DR-MS, U.S. Department of Homeland Security/
Passed-through the Mississippi Emergency Management Agency

Material Weakness

Material Noncompliance

Questioned Costs: \$14,715

Compliance Requirement: Activities Allowed or Unallowed and Allowable Costs/Costs Principles

Finding

OMB Circular A-87, Attachment A, states that to be allowable under Federal awards, costs must, among other things, (a) be necessary and reasonable for proper and efficient performance and administration of Federal awards; (b) be allocable to Federal awards under the provisions of the Circular; (c) be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit; and (d) be adequately documented.

WAYNE COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2013

During our audit testing procedures, we noted the following instances of noncompliance:

1. Labor was charged to the federal program for days that were not substantiated by the County's payroll records and the employee was not paid for.
2. Labor was charged to the federal program at a rate higher than the employee's actual rate of pay.
3. Equipment usage was charged to the federal program for time that was not substantiated by the listed equipment operator's payroll records.
4. No documentation was available for fill dirt hauled from the county's pit and charged to the federal program.

With respect to the activities allowed or unallowed and allowable costs/costs principles compliance requirements, no effective internal controls were found to be in place. Failure to adequately document and accurately compute the amounts charged to the federal program resulted in these expenditures being reported as questioned costs and could result in the County being required to repay these funds to the federal government.

Recommendation

The Board of Supervisors should take steps to ensure that all amounts charged to federal programs are adequately documented, are substantiated by the applicable employees' underlying payroll records, and are computed in the same manner as charges to other activities of the County.

WAYNE COUNTY

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WAYNE COUNTY

AUDITEE'S CORRECTIVE ACTION PLAN
AND
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

WAYNE COUNTY

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WAYNE COUNTY BOARD OF SUPERVISORS
WAYNE COUNTY COURTHOUSE
609 AZALEA DRIVE
WAYNESBORO, MISSISSIPPI 39367
Telephone: (601) 735-3414
Fax: (601) 735-6248

<i>CLYDE REVETTE, District 1</i>	<i>OFFICERS</i>	
<i>JOE DYESS, District 2</i>	<i>JERRY HUTTO, President-District 3</i>	<i>COOPER LEGGETT, Attorney</i>
<i>GASTON HUTCHERSON, District 5</i>	<i>ED PITTS, Vice-President-District 4</i>	<i>P.O. Box 384, Waynesboro, MS 39367</i>
	<i>GEARY JACKSON, Chancery Clerk</i>	<i>Telephone: (601) 735-4920</i>

CORRECTIVE ACTION PLAN

February 6, 2014

Office of the State Auditor
501 N. West Street, Suite 801
Jackson, Mississippi 39201

Gentleman:

Wayne County respectfully submits the following corrective action plan for the year ended September 30, 2013.

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section 1: Summary of Auditor's Results, does not include findings and is not addressed.

SECTION 2: FINANCIAL STATEMENT FINDINGS

2013-001. Corrective Action Planned:

The County will maintain the proper records documenting all receipts and expenditures relating to each federal grant received.

Anticipated Completion Date:

September 30, 2014

Name of Contact Person Responsible for Corrective Action:

Jill Cauley, Comptroller (601) 735-6248

2013-002. Corrective Action Planned:

The Sheriff's Office will comply.

Anticipated Completion Date:

September 30, 2014

Name of Contact Person Responsible for Corrective Action:

Rakeisha Gray, Sheriff's Office Bookkeeper (601) 735-3801

SECTION 3: FEDERAL AWARD FINDINGS

2013-003. Corrective Action Planned:

The County does not have any approved Title III projects at this time. The funds that we currently have can only be used for specific purposes that do not apply to our county. We will adhere to the recommendation and initiate all approved projects by the termination date.

Anticipated Completion Date:

September 30, 2014

Name of Contact Person Responsible for Corrective Action:

Jill Cauley, Comptroller (601) 735-6248

2013-004. Corrective Action Planned:

When expending federal monies for multiple grants, we will use separate account codes to ensure that the federal funds are accounted for properly.

Anticipated Completion Date:

September 30, 2014

Name of Contact Person Responsible for Corrective Action:

Jill Cauley, Comptroller (601) 735-6248

2013-005. Corrective Action Planned:

1. Due to clerical error entering data into a computer database, a select county employee was credited with hours worked belonging to another employee. While the actual hours were accounted for, they were allotted to the incorrect employee of the county. However, no money was paid to the employee in question that did not work the allotted hours. To address this issue, a more thorough review of documentation will be done.
2. Due to aforementioned clerical error, the actual rate of pay in question charged to the federal program was lower than what should have been charged due to incorrect employee being entered into database. To address this issue, a more thorough review of documentation will be done.
3. Due to aforementioned clerical error, the equipment in question was utilized; however, the wrong operator's name was placed on the payroll sheet. To address this issue, a more thorough review of documentation will be done.

4. The amount charged to the federal program for fill dirt hauled from the county pit was “in-place measure”, as required by FEMA. The site was reviewed by FEMA, MEMA, and county representative, and agreed upon by the parties. To address this issue, a log will be kept for each load of dirt hauled for all projects billed to the federal program.

Anticipated Completion Date:

September 30, 2014

Name of Contact Person Responsible for Corrective Action:

Jill Cauley, Comptroller (601) 735-6248

WAYNE COUNTY BOARD OF SUPERVISORS
WAYNE COUNTY COURTHOUSE
609 AZALEA DRIVE
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ED PITTS, Vice-President-District 4
GEARY JACKSON, Chancery Clerk

COOPER LEGGETT, Attorney
P.O. Box 384, Waynesboro, MS 39367
Telephone: (601) 735-4920

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2013

Office of the State Auditor
PO Box 956
Jackson, Mississippi 39205

Gentlemen:

The Wayne County Board of Supervisors respectfully submits the following summary schedule of prior audit findings relative to federal awards.

DEPARTMENT OF AGRICULTURE

2012 – Finding No. 1: Schools and Roads – Grants to States, CFDA No. 10.665.

Condition: During our audit testing procedures, we noted that the county receipted \$56,558 of National Forest Distribution Title I payments into the county's General Fund. These payments were not expended for the benefit of the public roads in the county. Of this amount receipted into the county's General Fund, \$5,100 was not properly settled to Wayne County Schools.

Recommendation: The Wayne County Board of Supervisors should take the necessary steps to ensure that fifty percent of the total National Forest Distribution Title I funds received are receipted in the county's road funds and expended for public roads and the other fifty percent is settled to the county's public schools.

Current Status: Corrective action was taken.

2012 – Finding No. 2: Schools and Roads – Grants to States, CFDA No. 10.665.

Condition: During our audit testing procedures, we noted that the County expended the majority of the Title III monies received on the construction of a new fire station, as well as for the maintenance of fire stations and the construction of a new driver's license office building. Therefore, the County did not expend the Title III funds received for the authorized purposes, as required by law.

Recommendation: The Board of Supervisors should notify the U.S. Department of Agriculture – Forest Service that the County did not satisfy the requirements under activities allowed or unallowed and allowable costs/cost principles. The County should seek resolution from the Forest Service regarding the repayment of the misused Title III funds. In addition, the Board of Supervisors should implement adequate internal controls to ensure that the county satisfies the compliance requirement for activities allowed or unallowed and allowable costs/cost principles with respect to Title III funds received.

Current Status: The County has contacted the U.S. Department of Agriculture – Forest Service numerous times and as of yet has not been able to resolve this issue. Efforts are ongoing to contact the proper Forest Service official for further instruction.

2012 – Finding No. 3: Schools and Roads – Grants to States, CFDA No. 10.665.

Condition: As of September 30, 2012, the County had Title II funds in the amount of \$106,091 for which an approved project had not been initiated.

Recommendation: The Board of Supervisors should implement internal controls to ensure that the County initiates all approved projects for Title III funds by the termination date, thereby satisfying the period of availability compliance requirement for federal programs.

Current Status: The County reported \$133,226 in unobligated funds on its 2013 certification submitted to the Secretary of Agriculture.

2012 – Finding No. 4: Schools and Roads – Grants to States, CFDA No. 10.665.

Condition: The County did not submit an annual certification to the Secretary of Agriculture, outlining the Title III funds that had been expended during the year, as well as the description of the amounts expended and their uses, and the amount of unobligated funds as of September 30th.

Recommendation: The Board of Supervisors should implement the necessary internal controls to ensure that the County submits an annual certification to the Secretary of Agriculture by February 1st of the year following the year in which Title III expenditures were made and include the amount of Title III funds that were not obligated by September 30th of the previous year, as required.

Current Status: Corrective action was taken.

2012 – Finding No. 5: Schools and Roads – Grants to States, CFDA No. 10.665.

Condition: Based on our audit testing procedures, the County did not provide the required public notice prior to using Title III funds nor was the 45-day comment period observed before any Title III funds were expended.

Recommendation: The Board of Supervisors should implement internal controls to ensure that the County follows the public comment period requirement when using Title III funds, as required.

Current Status: Corrective action was taken.

Sincerely,



Jerry Hutto
President, Wayne County Board of Supervisors
(601) 735-6056